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Order 2000-1-1



UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Served: January 6, 2000

Issued by the Department of Transportation
on the 3rd day of January, 2000

Essential Air Service at

NORTH PLATTE, NEBRASKA

under 49 U.S.C. 4173 *et seq.*

Docket **OST-1999-5173 - //**

FINAL ORDER

Summary

By this order we are selecting Great Lakes Aviation, Ltd., d/b/a United Express (Great Lakes), to provide basic essential air service at North Platte, Nebraska, for the period May 31, 1999, through September 30, 2001, at the annual subsidy rate of \$106,006.¹

Background

On March 2, 1999, Great Lakes filed a 90-day notice of intent to suspend its subsidy-free essential air service at North Platte, effective May 31, 1999. Great Lakes stated that its revenues were insufficient to cover its cost of operating the service, and that low-fare competition at Omaha and Lincoln, Nebraska, has had an impact on North Platte traffic. Great Lakes was the only carrier providing scheduled passenger air service at North Platte; therefore its proposed termination of service would have eliminated all scheduled passenger air service at the community. Thus, in accordance with 49 U.S.C. 41734, the Department issued Order 99-5-12, May 22, 1999, which prohibited Great Lakes from suspending service at North Platte for an initial 30-day period, and solicited proposals from all air carriers that were interested in providing replacement service.

¹ In Order 99-9-14, September 21, 1999, we established an identical hold-in rate of compensation for Great Lakes' service at North Platte, effective May 31, 1999, pending completion of the carrier selection proceeding addressed here.

Summary of Air Carrier Proposals

Two air carriers submitted proposals in response to the Department's solicitation—Great Lakes and Equity Air Holdings.

Under the terms of its proposal, Great Lakes would provide service with **19-passenger**, pressurized, Beech **1900** aircraft consisting of **18** nonstop round trips to Denver each week for a subsidy rate of **\$106,006** annually.

By Order **99-9-14**, September **21, 1999**, the Department authorized payment of hold-in compensation to Great Lakes at the annualized, agreed-upon rate of **\$106,006** for the period of May **31, 1999**, until further Department action (*i. e.*, until completion of the carrier selection proceeding).

By FAX message dated October **14, 1999**, Equity Air Holdings withdrew its proposal.

Selection Decision

Great Lakes has been conducting scheduled passenger air service since **1981**, when it inaugurated service between Spencer, Iowa, and Des Moines. Based on our review of the carrier's fitness (discussed below), we conclude that Great Lakes has demonstrated the requisite level of reliability in providing scheduled air service. Great Lakes currently operates as a United Express carrier, thus providing North Platte with a seamless air travel product to destinations served by United Airlines.

In this case we have only one carrier proposal to provide service at North Platte, and it contemplates no significant change in the service that Great Lakes has been providing to the community. We also **find** that the subsidy cost for the service to be provided is reasonable. Thus, we will select Great Lakes to provide essential air service at North Platte for the period of May **31, 1999**, through September **30, 2001**, at the annual rate of **\$106,006** set as a temporary rate by Order **99-9-14**.

Carrier Fitness

49 U.S.C. 41737(b) and **41738** require that we find an air carrier fit, willing, and able to provide service before we may subsidize it for essential air service. We last found Great Lakes fit to provide scheduled passenger service as a certificated air carrier by Order **99-12-2**, when we selected it to provide service at Iron **Mountain/Kingsford**, Michigan.) The Department has routinely monitored the carrier's continuing fitness, and based on our review of its most recent submissions, we find that Great Lakes continues to have available adequate financial and managerial resources to maintain quality service at North Platte. The Federal Aviation Administration has advised us that the carrier is conducting its operations in accordance with its regulations, and knows of no reason that we should not find that Great Lakes remains fit.

This order is issued under authority delegated in **49 CFR 1.56a(f)**.

ACCORDINGLY

1. The Department makes final the selection set forth in Order **99-9-14** of Great Lakes Aviation, Ltd., d/b/a United Express, to provide essential air service at North Platte, Nebraska, as described in Appendix C to Order **99-9-14** for the period of May 31, 1999, through September 30, 2001;
2. The Department directs Great Lakes Aviation, Ltd., d/b/a United Express, to retain all books, records, and other source and summary documentation to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination thereof by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
3. We find that Great Lakes Aviation, Ltd., d/b/a United Express, continues to be fit, willing, and able to operate as an air carrier and capable of providing essential air service at North Platte, Nebraska;
4. Docket **OST-1999-5173** shall remain open until further order of the Department; and

5. We will serve a copy of **this** order on the Mayor and Airport Manager of **North** Platte, the Governor of Nebraska, the Director of the Nebraska Department of Aeronautics, Great Lakes Aviation, Ltd., and Equity Air Holdings, Inc.

By:

A. BRADLEY MIMS

Deputy Assistant Secretary for Aviation
and International **Affairs**

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